

## CLAIMS

What is claimed is:

1. A method for managing excess inventory of a commodity comprising:

5 a) creating a profile for the commodity;

b) creating a waterfall template for the commodity; and

c) analyzing the profile and the waterfall template to generate an output report, wherein the output report indicates the excess inventory and associated liability for a plurality of liability horizons.

10 2. The method of claim 1, wherein the profile is a liability profile that comprises a plurality of cancellation windows, each of which indicate a level of liability associated with excess inventory existing within each cancellation window.

15 3. The method of claim 2, wherein step (a) further includes:

(a1) collecting commodity cost information including contract terms and conditions, unit costs, and bills-of-material information.

20 4. The method of claim 1, wherein the waterfall template represents a number of units ordered over a fixed period and a number of units consumed during the fixed period.

5. The method of claim 4, wherein step (b) further includes:

(b1) collecting current and past demand forecast data, wherein demand forecast data comprises the number of units ordered on a weekly basis for a cycle comprising a

set number of weeks; and

(b2) collecting current and past consumption data, wherein consumption data comprises the number of units consumed during a cycle.

5 6. The method of claim 1 further comprising:

d) utilizing the output report to manage the excess inventory.

7. The method of claim 6, wherein step (d) further comprises:

10 d1) adjusting a future demand forecast to mitigate partially or entirely the liability associated with the excess inventory.

8. The method of claim 6, wherein step (d) further comprises:

15 d1) submitting a hypothetical demand forecast to determine an effect upon the excess inventory and the associated liability.

9. The method of claim 6, wherein step (d) further comprises:

d1) planning a promotional activity to increase consumption of the commodity.

10. The method of claim 6, wherein step (d) further comprises:

20 d1) validating a claim for the liability associated with the excess inventory.

11. A computer readable medium containing program instructions for managing excess inventory of a commodity, the program instructions for:

- a) creating a profile for the commodity;
- b) creating a waterfall template for the commodity; and
- c) analyzing the profile and the waterfall template to generate an output report, wherein the output report indicates the excess inventory and associated liability for a plurality of liability horizons.

12. The computer readable medium of claim 11, wherein the profile is a liability profile that comprises a plurality of cancellation windows, each of which indicate a level of liability associated with excess inventory existing within each cancellation window.

13. The computer readable medium of claim 12, wherein instruction (a) further includes:

- (a1) collecting commodity cost information including contract terms and conditions, unit costs, and bills-of-material information.

14. The computer readable medium of claim 11, wherein the waterfall template represents a number of units ordered over a fixed period and a number of units consumed during the fixed period.

15. The computer readable medium of claim 14, wherein instruction (c) further includes:

- (c1) collecting current and past demand forecast data, wherein demand forecast data comprises the number of units ordered on a weekly basis for a cycle comprising a set number of weeks; and

- (c2) collecting current and past consumption data, wherein consumption data

comprises the number of units consumed during a cycle.

16. The computer readable medium of claim 11 further comprising:

d) utilizing the output report to manage the excess inventory.

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17. The computer readable medium of claim 16, wherein instruction (d) further comprises:

d1) adjusting a future demand forecast to mitigate partially or entirely the liability associated with the excess inventory.

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18. The computer readable medium of claim 16, wherein step (d) further comprises:

d1) submitting a hypothetical demand forecast to determine an effect upon the excess inventory and the associated liability.

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19. The computer readable medium of claim 16, wherein instruction (d) further comprises:

d1) planning a promotional activity to increase consumption of the commodity.

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20. The computer readable medium of claim 15, wherein instruction (d) further comprises:

d1) validating a claim for the liability associated with the excess inventory.

21. A system for managing excess inventory of a commodity comprising:

a processor;

a liability management tool coupled to the processor, wherein the liability management tool is configured to create a profile for the commodity, to create a waterfall template for the commodity, and to analyze the profile and the waterfall template to generate an output report, wherein the output report indicates the excess inventory and associated liability for a plurality of liability horizons.

22. The system of claim 21, wherein the profile is a liability profile that comprises a plurality of cancellation windows, each of which indicate a level of liability associated with excess inventory existing within each cancellation window.

23. The system of claim 21, wherein the waterfall template represents a number of units ordered over a fixed period and a number of units consumed during the fixed period.

24. The system of claim 21, wherein the liability management tool comprises means for retrieving commodity cost information including contract terms and conditions, unit costs, and bills-of-material information, current and past demand forecast data, wherein demand forecast data comprises the number of units ordered on a weekly basis for a cycle comprising a set number of weeks, and collecting current and past consumption data, wherein consumption data comprises the number of units consumed during a cycle.